

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE ENROLLED ACT No. 1075

AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 4-4-28-5, AS AMENDED BY SEA 526-2007, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. As used in this chapter, "individual development account" means an account in a financial institution administered by a community development corporation that allows a qualifying individual to deposit money:

- (1) to be matched by the state, financial institutions, corporations, and other entities; and
- (2) that will be used by the qualifying individual for one (1) or more of the following:
  - (A) To pay for costs (including tuition, laboratory costs, books, computer costs, and other costs associated with attendance) at an accredited postsecondary educational institution or a vocational school that is not a postsecondary educational institution, for the individual or for a dependent of the individual.
  - (B) To pay for the costs (including tuition, laboratory costs, books, computer costs, and other costs) associated with an accredited or a licensed training program that may lead to employment for the individual or for a dependent of the individual.
  - (C) To purchase a primary residence for the individual or for

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a dependent of the individual or to reduce the principal amount owed on a primary residence that was purchased by the individual or a dependent of the individual with money from an individual development account.

**(D) To pay for the rehabilitation (as defined in IC 6-3.1-11-11) of the individual's primary residence.**

~~(D)~~ **(E) To begin or to purchase part or all of a business or to expand an existing small business.**

SECTION 2. IC 4-4-28-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) An individual may deposit money from the individual's earned income into the individual's account.

(b) An individual may deposit an unlimited amount of money into the individual's account. However, only ~~three~~ **eight** hundred dollars ~~(\$300)~~ **(\$800)** annually is eligible for a state deposit as provided in section 12 of this chapter.

SECTION 3. IC 4-4-28-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Not more than eight hundred (800) accounts may be established in the state each **state fiscal year beginning before July 1, 2009.**

**(b) Not more than one thousand (1,000) accounts may be established in the state each state fiscal year beginning after June 30, 2009.**

~~(b)~~ **(c)** A community development corporation shall use money that is in an individual development account fund established under section 13 of this chapter to allow a qualified individual on a waiting list maintained by the community development corporation to establish an account.

SECTION 4. IC 4-4-28-12, AS AMENDED BY P.L.1-2006, SECTION 53, AND AS AMENDED BY P.L.181-2006, SECTION 8, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The *Indiana housing and community development* authority shall allocate, for each account that has been established, ~~after June 30, 2001,~~ for not more than four (4) years, ~~including any time in which an individual held an individual development account under this chapter before July 1, 2001,~~ three dollars (\$3) for each one dollar (\$1) **of the first four hundred dollars (\$400)** an individual deposited into the individual's account during the preceding twelve (12) months. **However, if the amount appropriated by the general assembly is insufficient to make the deposits required by this section for accounts that have been established, the authority shall proportionately reduce the amounts allocated**

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to and deposited into each account. The authority may allocate three dollars (\$3) for each one dollar (\$1) of any part of an amount above four hundred dollars (\$400) an individual deposited into the individual's account during the preceding twelve (12) months. However, the authority's allocation under this subsection may not exceed ~~nine~~ **two thousand four** hundred dollars (~~\$900~~) (**\$2,400**) for each account described in this subsection.

(b) Not later than June 30 of each year, the *Indiana housing and community development* authority shall deposit into each account established under this chapter the appropriate amount of money determined under this section. However, if the individual deposits the maximum amount allowed under this chapter on or before December 31 of each year, the individual may request in writing that the authority allocate and deposit the matched funds under subsection (a) into the individual's account not later than forty-five (45) days after the authority receives the written request.

(c) Money from a federal block grant program under Title IV-A of the federal Social Security Act may be used by the state to provide money under this section for deposit into an account held by an individual who receives assistance under IC 12-14-2.

SECTION 5. IC 4-4-28-16, AS AMENDED BY SEA 526-2007, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) Money withdrawn from an individual's account is not subject to taxation under IC 6-3-1 through IC 6-3-7 if the money is used for at least one (1) of the following:

- (1) To pay for costs (including tuition, laboratory costs, books, computer costs, and other costs) at an accredited postsecondary educational institution or a vocational school that is not a postsecondary educational institution for the individual or for a dependent of the individual.
- (2) To pay for the costs (including tuition, laboratory costs, books, computer costs, and other costs) associated with an accredited or a licensed training program that may lead to employment for the individual or for a dependent of the individual.
- (3) To purchase a primary residence for the individual or for a dependent of the individual or to reduce the principal amount owed on a primary residence that was purchased by the individual or a dependent of the individual with money from an individual development account.
- (4) To pay for the rehabilitation (as defined in IC 6-3.1-11-11) of the individual's primary residence.**
- ~~(4)~~ (5) To begin or to purchase part or all of a business or to

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expand an existing small business.

(b) At the time of requesting authorization under section 15 of this chapter to withdraw money from an individual's account under subsection ~~(a)(4)~~, **(a)(5)**, the individual must provide the community development corporation with a business plan that:

(1) is approved by:

(A) a financial institution; or

(B) a nonprofit loan fund that has demonstrated fiduciary stability;

(2) includes a description of services or goods to be sold, a marketing plan, and projected financial statements; and

(3) may require the individual to obtain the assistance of an experienced business advisor.

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Speaker of the House of Representatives

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President of the Senate

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President Pro Tempore

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Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

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